Vanguard®

Annual Report | December 31, 2020

Vanguard Variable Insurance Funds

Capital Growth Portfolio

Contents

Your Portfolio's Performance at a Glance

- For the 12 months ended December 31, 2020, the Capital Growth Portfolio returned 17.47%, trailing the 18.40% return of its benchmark, the Standard & Poor's 500 Index.
- The portfolio outperformed the benchmark in eight of 11 industry sectors. Our underweight position in energy, strong selection in consumer discretionary, and decision not to hold consumer staples, utilities, and real estate companies helped relative performance the most. However, selection in health care, industrials, and information technology detracted and more than offset the positive results in other sectors.
- For the decade ended December 31, the portfolio produced an average annual return of 14.98%, outperforming its benchmark by more than a percentage point.
- Please note that the portfolio's returns are different from those in Vanguard Variable Annuity (and other plans that invest in the portfolio), which take into account insurance-related expenses.

Market Barometer

	Average Annual Total Returns Periods Ended December 31, 2020		
	One Year	Three Years	Five Years
Stocks			
Russell 1000 Index (Large-caps)	20.96%	14.82%	15.60%
Russell 2000 Index (Small-caps)	19.96	10.25	13.26
Russell 3000 Index (Broad U.S. market)	20.89	14.49	15.43
FTSE All-World ex US Index (International)	11.22	5.18	9.16
Bonds			
Bloomberg Barclays U.S. Aggregate Bond Index (Broad taxable market)	7.51%	5.34%	4.44%
Bloomberg Barclays Municipal Bond Index (Broad tax-exempt market)	5.21	4.64	3.91
FTSE Three-Month U.S. Treasury Bill Index	0.58	1.56	1.16
CPI			
Consumer Price Index	1.36%	1.85%	1.95%

Advisor's Report

For the 12 months ended December 31, 2020, the Vanguard Capital Growth Portfolio returned 17.47%, trailing the 18.40% return of its benchmark, the unmanaged Standard & Poor's 500 Index, and well below the 44.41% average gain of its variable insurance multicapitalization growth fund competitors. Relative to the benchmark, unfavorable stock selection more than offset favorable sector allocation for the portfolio.

Investment environment

The past year was one for the record books. What started uneventfully enough, back when yield curves and trade wars dominated investor concerns, morphed into unprecedented tumult as COVID-19 wreaked global havoc. The U.S. economy endured a "Great Pause" in March and April when local restrictions, designed to mitigate the pandemic's toll, severely constrained activity and output. The subsequent economic collapse established several record-setting declines, among them the fastest bear-market descent, the most job losses, and the steepest GDP drop on record. Similar scenes, differing only in timing and magnitude, unfolded around the world, fracturing the once-integrated global economy.

The federal government, in tandem with authorities across the globe, unleashed a torrent of stimulus and support in response. This monetary and fiscal onslaught featured staggering amounts of deficit spending and open-ended assurances from the Federal Reserve to keep low interest rates low. But reopening proved fraught with difficulty. The initial economic recovery stalled somewhat at levels well below pre-pandemic highs, and the year ended with much of the world retrenching amid a fresh wave of infection.

Equity indexes bounced aggressively starting in late March, ahead of the economy's turn. The S&P 500 Index surpassed its previous high-water mark within six months—a record-short bear-market dip—and its strength persisted into year-end, finishing nearly 70% above its late March low. But this impressive index-level performance masked substantial dispersion within, reflecting the pandemic's uniquely disruptive influence. Many companies battled for survival, while some technology-oriented businesses, seemingly ready-made for stay-at-home isolation, thrived. For the full year, the information technology (+44%) and consumer discretionary (+33%) sectors fared best, while energy (–34%) and financials (–2%) followed crude oil prices and interest rates lower.

Outlook for U.S. equities

Our view on U.S. equities is decidedly mixed. The postrecession economy has relied heavily on artificial and unsustainable measures, including a $3 trillion federal deficit and the allure of unending stimulus ahead. And the market's apparent strength, unusually concentrated in larger tech stocks, creates an unusually bifurcated stock landscape. That said, U.S. Treasury yields hover at historically depressed levels (with an 0.9% 10-year yield at year-end), providing some support for the S&P 500 Index's elevated valuation (19.2x price/earnings valuation on 2022 estimated earnings).

We see more fundamental reasons for optimism in select cases. The groundbreaking Pfizer-BioNTech and Moderna vaccines highlight the potential for a robust medical solution. And more vaccine candidates and antibody therapies are on the cusp of clinical outcomes.

But even after the recent vaccine-fueled market rotation, many stocks still languish in this protracted socially distanced existence. Our original expectation of a fairly prompt snapback was misplaced, but we still expect the eventual "new normal" to more closely resemble its 2019 antecedent than the current state of apprehension and separation. This should divert even more oxygen from pandemic beneficiaries to a wide swath of struggling companies. A more fulsome recovery may also spur inflation and interest rates upward, which could finally and forcefully shift sentiment from high-multiple growth stocks to inexpensive value stocks.

Portfolio update

The portfolio maintained large overweight positions in health care and industrial stocks, a modest overweight position in IT, and an equal-weight position in consumer discretionary. The portfolio was underweight in all other sectors.

Sector allocation was favorable, owing primarily to the portfolio's overweighting of IT, the year's best-performing sector, and its underweight positions in energy and financials, the year's primary laggards. The large overweight positions in health care and industrials provided a partial offset.

Stock selection detracted from relative results, with weak selection in health care and industrials driving overall underperformance. In health care, the portfolio's substantial large-cap biotechnology holdings (Biogen –17%, Amgen –2%) failed to keep pace with their smaller brethren, while medical device producer Boston Scientific (–21%) logged a difficult year. Among the portfolio's sizable pharmaceutical positions, Eli Lilly (+31%) helped offset anemic performances from Novartis (+2%) and AstraZeneca (+3%).

In industrials, FedEx (+74%) had a strong turnaround year as e-commerce exploded, but this result could not offset our exposure to airlines (United –51%, American –45%, Delta –31%, and Southwest –13%) and key supplier Airbus (–25%) as travel collapsed.

Selection elsewhere was mixed, with strength in consumer discretionary and communication services roughly offsetting weakness in IT and financials. Tesla (+743%) was the standout, rocketing higher on stronger fundamentals and its seemingly limitless potential; Tesla coupled with Sony (+49%) more than offset the portfolio's sizable underweighting of Amazon (+76%) in consumer discretionary. Baidu (+71%), a

Chinese search and internet services company, led the outperformance in communication services.

The portfolio's IT holdings (+40%) outperformed the broader market, but lacking sufficient exposure to Apple (+82%), they lagged the benchmark's return for the sector (+44%). Qualcomm (+77%), Adobe (+52%), and KLA (+48%) were key contributors. In financials, the portfolio's exposure to large banks, most notably Wells Fargo (–42%), detracted from relative results.

Advisor perspectives

Perhaps the most noteworthy feature of today's equity market is an element of inequity: the sheer relative size of so-called Big Tech. Just four technology stocks—Apple, Microsoft, Amazon, and Alphabet (Google)—constitute roughly 20% of the S&P 500. Their combined capitalization (more than $6 trillion) equates in size to the bottom two-thirds of the index, or to the Japan Exchange Group, the largest non-U.S. equity market. And their combined performance has strong-armed the S&P 500 to its record highs. History suggests that this concentrated tech frenzy warrants caution. In March 2000—a notoriously exuberant technology market—the four biggest stocks were "just" 16% of the market, and only three were tech stocks; with 2020's hindsight, we know that story ended poorly for many.

But maybe this time is different, a prospect we wrestle with daily; after all, Microsoft has defied doubters and maintained its lofty perch in the Big Four. In aggregate, valuations for these heavyweights are high but not irrationally so; their competitive moats seem to deepen with time, a function of their aggressive reinvestment strategy; and tech's coronation feels less speculative or premature this time.

And yet the portfolio's exposure to these four companies stood at just under 10%, or half that of the index's, with Microsoft and Google constituting the bulk of our ownership. The portfolio's underweighting of Apple and Amazon has created a massive multiyear performance headwind. We acknowledge these two errors of omission, but we remain cautious. Size invites competition, disruption, and regulation. These high-priced titans must be more than impressive to justify their valuations—they must be near-flawless in handling internal and external threats, known and unknown. Our bias is to search elsewhere.

Health care also features prominently in both the news and our portfolio. The pandemic reinforces the incalculable value embedded in existing drugs, therapies, and devices, which facilitate our ongoing fight against disease and death—and which presumably have helped push down COVID-19's infection fatality ratio.

But the pandemic also highlights how much value remains to be created with future breakthroughs, both in the COVID-19 realm and beyond. After a strong start, the health care sector underperformed for 2020, despite market-leading revenue growth (+7%) and earnings growth (+6%) in a year more commonly scarred with steep declines. And this is not a pandemic-fueled surge; growth should persist indefinitely. Despite ongoing political concerns, we are optimistic that our companies will continue to develop life-saving innovations and be rewarded by the marketplace.

Finally, much ink has been spilled in past letters defending our outsized ownership of airline stocks. We viewed them as long-term growers, operating in a vastly improved industry structure and trading of late at less than half of the market's valuation. Whatever the merits, our investment thesis—and performance—was dealt a dramatic blow by COVID-19, forcing a structural reset in both our holdings and our thinking. We continue to own these companies, albeit more selectively and with overall lower exposure, ahead of travel's eventual revival.

Conclusion

We still believe that some semblance of normalcy will prevail. Several pandemic-driven structural changes will likely persist, including a more flexible workforce, the fast-forwarding of digital transitions, and the indefinite loss of certain business travel to Zoom. But if and when life normalizes, we expect the market's future winners will be drawn primarily from its pool of COVID-19 losers. Our portfolio is positioned accordingly, focused on stocks whose long-term potential deviates meaningfully from today's dislocated share prices.

PRIMECAP Management Company

January 21, 2021

About Your Portfolio's Expenses

As a shareholder of the portfolio, you incur ongoing costs, which include costs for portfolio management, administrative services, and shareholder reports (like this one), among others. Operating expenses, which are deducted from a portfolio's gross income, directly reduce the investment return of the portfolio.

A portfolio's expenses are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in your portfolio and to compare these costs with those of other mutual funds. The examples are based on an investment of $1,000 made at the beginning of the period shown and held for the entire period.

The accompanying table illustrates your portfolio's costs in two ways:

- Based on actual portfolio return. This section helps you to estimate the actual expenses that you paid over the period. The "Ending Account Value" shown is derived from the portfolio's actual return, and the third column shows the dollar amount that would have been paid by an investor who started with $1,000 in the portfolio. You may use the information here, together with the amount you invested, to estimate the expenses that you paid over the period.

To do so, simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number given for your portfolio under the heading "Expenses Paid During Period."

- Based on hypothetical 5% yearly return. This section is intended to help you compare your portfolio's costs with those of other mutual funds. It assumes that the portfolio had a yearly return of 5% before expenses, but that the expense ratio is unchanged. In this case—because the return used is not the portfolio's actual return—the results do not apply to your investment. The example is useful in making comparisons because the Securities and Exchange Commission requires all mutual funds to calculate expenses based on a 5% return. You can assess your portfolio's costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other funds.

Note that the expenses shown in the table are meant to highlight and help you compare *ongoing* costs only and do not reflect transaction costs incurred by the portfolio for buying and selling securities. The portfolio's expense ratio does not reflect additional fees and expenses associated with the annuity or life insurance program through which you invest.

The calculations assume no shares were bought or sold during the period. Your actual costs may have been higher or lower, depending on the amount of your investment and the timing of any purchases or redemptions.

You can find more information about the portfolio's expenses, including annual expense ratios, in the Financial Statements section of this report. For additional information on operating expenses and other shareholder costs, please refer to your portfolio's current prospectus.

Six Months Ended December 31, 2020

Capital Growth Portfolio	Beginning Account Value 6/30/2020	Ending Account Value 12/31/2020	Expenses Paid During Period
Based on Actual Portfolio Return	$1,000.00	$1,245.11	$1.92
Based on Hypothetical 5% Yearly Return	1,000.00	1,023.43	1.73

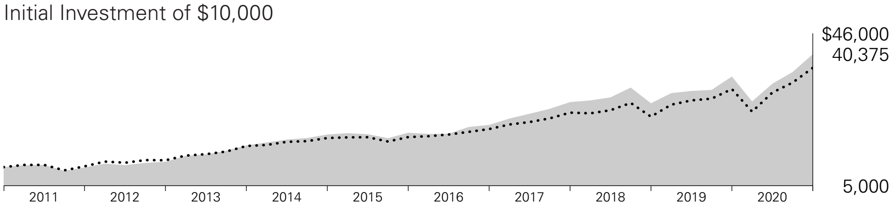
The calculations are based on expenses incurred in the most recent six-month period. The portfolio's annualized six-month expense ratio for that period is 0.34%. The dollar amounts shown as "Expenses Paid" are equal to the annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent six-month period, then divided by the number of days in the most recent 12-month period (184/366).

Capital Growth Portfolio

Performance Summary

All of the returns in this report represent past performance, which is not a guarantee of future results that may be achieved by the portfolio**. (Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at vanguard.com/performance.) Note, too, that both investment returns and principal value can fluctuate widely, so an investor's shares, when sold, could be worth more or less than their original cost.** The returns shown do not reflect taxes that a shareholder would pay on portfolio distributions or on the sale of portfolio shares. Nor do the returns reflect fees and expenses associated with the annuity or life insurance program through which a shareholder invests. If these fees and expenses were included, the portfolio's returns would be lower.

Cumulative Performance: December 31, 2010, Through December 31, 2020
Initial Investment of $10,000



	Average Annual Total Returns Periods Ended December 31, 2020			
	One Year	Five Years	Ten Years	Final Value of a $10,000 Investment
Capital Growth Portfolio	17.47%	15.96%	14.98%	$40,375
S&P 500 Index	18.40	15.22	13.88	36,700

See Financial Highlights for dividend and capital gains information.

Portfolio Allocation

As of December 31, 2020

Communication Services	7.2%
Consumer Discretionary	13.9
Energy	0.8
Financials	6.4
Health Care	25.0
Industrials	15.7
Information Technology	30.1
Materials	0.9

The table reflects the portfolio's investments, except for short-term investments. Sector categories are based on the Global Industry Classification Standard ("GICS"), except for the "Other" category (if applicable), which includes securities that have not been provided a GICS classification as of the effective reporting period.

Financial Statements

Schedule of Investments

As of December 31, 2020

The portfolio files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. The portfolio's Form N-PORT reports are available on the SEC's website at www.sec.gov.

		Shares	Market Value• ($000)
	Common Stocks (96.3%)		
	Communication Services (6.9%)		
*	Alphabet Inc. Class A	23,900	41,888
*	Baidu Inc. ADR	153,900	33,279
*	Alphabet Inc. Class C	15,970	27,978
*	Walt Disney Co.	97,000	17,575
	Activision Blizzard Inc.	160,300	14,884
*	Charter Communications Inc. Class A	7,200	4,763
*	Facebook Inc. Class A	16,600	4,534
			144,901
	Consumer Discretionary (13.4%)		
*	Tesla Inc.	84,500	59,629
*	Alibaba Group Holding Ltd. ADR	224,000	52,131
	Sony Corp. ADR	445,500	45,040
	Ross Stores Inc.	213,900	26,269
*	Amazon.com Inc.	7,200	23,450
	Whirlpool Corp.	105,100	18,969
	TJX Cos. Inc.	254,600	17,387
*	Mattel Inc.	813,800	14,201
	L Brands Inc.	238,300	8,862
	Royal Caribbean Cruises Ltd.	78,000	5,826
	Carnival Corp.	209,400	4,536
	eBay Inc.	46,800	2,352
	Marriott International Inc. Class A	11,100	1,464
			280,116
	Energy (0.8%)		
	Pioneer Natural Resources Co.	64,200	7,312
	Hess Corp.	131,200	6,926
	EOG Resources Inc.	43,200	2,154
			16,392
	Financials (6.1%)		
	JPMorgan Chase & Co.	261,000	33,165
	Wells Fargo & Co.	837,400	25,273
	Charles Schwab Corp.	461,000	24,451
	Marsh & McLennan Cos. Inc.	153,500	17,960
	Bank of America Corp.	549,000	16,640
	Progressive Corp.	44,500	4,400
	US Bancorp	81,300	3,788
	Citigroup Inc.	41,900	2,584
			128,261
	Health Care (24.1%)		
	Eli Lilly and Co.	609,471	102,903
	Amgen Inc.	297,771	68,464
*	Biogen Inc.	264,200	64,692
	AstraZeneca plc ADR	791,400	39,562
	Novartis AG ADR	375,650	35,473
	Thermo Fisher Scientific Inc.	76,100	35,446
*	Boston Scientific Corp.	847,702	30,475
	Roche Holding AG	69,645	24,257
	Bristol-Myers Squibb Co.	242,600	15,048
*	BioMarin Pharmaceutical Inc.	170,800	14,977
*	Elanco Animal Health Inc.	450,316	13,811
	Abbott Laboratories	106,200	11,628
*	BeiGene Ltd. ADR	31,400	8,113
	Medtronic plc	63,300	7,415
	Zimmer Biomet Holdings Inc.	42,800	6,595
	CVS Health Corp.	82,600	5,642
1	Siemens Healthineers AG	96,400	4,961
*	Alcon Inc.	70,410	4,646
	Agilent Technologies Inc.	26,500	3,140
	Merck & Co. Inc.	36,200	2,961
	Stryker Corp.	11,100	2,720
	Sanofi ADR	36,800	1,788
			504,717
	Industrials (15.1%)		
	FedEx Corp.	266,400	69,163
	Southwest Airlines Co.	978,150	45,592
	Siemens AG (Registered)	281,827	40,596
*	Airbus SE	270,735	29,712
	Caterpillar Inc.	108,700	19,786
*	United Airlines Holdings Inc.	455,700	19,709
	Union Pacific Corp.	76,300	15,887
	Delta Air Lines Inc.	334,000	13,430
2	American Airlines Group Inc.	707,700	11,160
	United Parcel Service Inc. Class B	60,150	10,129
	Alaska Air Group Inc.	143,000	7,436
*	TransDigm Group Inc.	9,850	6,096
	Textron Inc.	102,000	4,930
	Raytheon Technologies Corp.	56,300	4,026
	AMETEK Inc.	27,800	3,362
	Deere & Co.	12,400	3,336
	CSX Corp.	34,200	3,104
*	Lyft Inc. Class A	44,200	2,171
	Carrier Global Corp.	56,300	2,124
	General Dynamics Corp.	14,200	2,113
	Otis Worldwide Corp.	28,150	1,901
			315,763
	Information Technology (29.0%)		
*	Adobe Inc.	180,500	90,272
	Microsoft Corp.	378,200	84,119
	Texas Instruments Inc.	453,600	74,449
*	Micron Technology Inc.	846,200	63,617
	KLA Corp.	152,200	39,406
	Intel Corp.	631,500	31,461
	QUALCOMM Inc.	181,700	27,680
	Telefonaktiebolaget LM Ericsson ADR	2,085,100	24,917
	NetApp Inc.	373,100	24,714
	NVIDIA Corp.	40,050	20,914
	Intuit Inc.	48,600	18,461
	HP Inc.	584,750	14,379
	Hewlett Packard Enterprise Co.	1,140,550	13,515
	Analog Devices Inc.	86,800	12,823
	Oracle Corp.	194,500	12,582
	Visa Inc. Class A	46,000	10,062
*	PayPal Holdings Inc.	31,700	7,424
	Cisco Systems Inc.	155,600	6,963
	Apple Inc.	50,000	6,634
	Entegris Inc.	67,800	6,516
	Corning Inc.	127,350	4,585
	Applied Materials Inc.	42,000	3,625
*	Autodesk Inc.	7,800	2,382
	Mastercard Inc. Class A	6,200	2,213
	Plantronics Inc.	71,650	1,937
*	BlackBerry Ltd.	195,800	1,298
			606,948
	Materials (0.9%)		
	Albemarle Corp.	80,300	11,846
	Linde plc	8,300	2,187
	DuPont de Nemours Inc.	23,866	1,697
	Dow Inc.	23,866	1,325
	Corteva Inc.	23,866	924
			17,979
	Total Common Stocks (Cost $1,095,992)		2,015,077
	Temporary Cash Investments (4.2%)		
	Money Market Fund (4.2%)		
3,4	Vanguard Market Liquidity Fund, 0.111% (Cost $88,331)	883,314	88,332
	Total Investments (100.5%) (Cost $1,184,323)		2,103,409
	Other Assets and Liabilities—Net (-0.5%)		(11,013)
	Net Assets (100%)		2,092,396

Cost is in $000.

- • See Note A in Notes to Financial Statements.
- * Non-income-producing security.
- 1 Security exempt from registration under Rule 144A of the Securities Act of 1933. Such securities may be sold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2020, the aggregate value was $4,961,000, representing 0.2% of net assets.
- 2 Includes partial security positions on loan to broker-dealers. The total value of securities on loan is $8,137,000.
- 3 Affiliated money market fund available only to Vanguard funds and certain trusts and accounts managed by Vanguard. Rate shown is the 7-day yield.
- 4 Collateral of $8,772,000 was received for securities on loan.

ADR—American Depositary Receipt.

See accompanying Notes, which are an integral part of the Financial Statements.

Statement of Assets and Liabilities

As of December 31, 2020

($000s, except shares and per-share amounts)	Amount
Assets	
Investments in Securities, at Value	
Unaffiliated Issuers (Cost $1,095,992)	2,015,077
Affiliated Issuers (Cost $88,331)	88,332
Total Investments in Securities	2,103,409
Investment in Vanguard	79
Cash	794
Receivables for Accrued Income	1,390
Receivables for Capital Shares Issued	250
Total Assets	**2,105,922**
Liabilities	
Payables for Investment Securities Purchased	802
Collateral for Securities on Loan	8,772
Payables to Investment Advisor	737
Payables for Capital Shares Redeemed	3,000
Payables to Vanguard	215
Total Liabilities	**13,526**
Net Assets	**2,092,396**

At December 31, 2020, net assets consisted of:

Paid-in Capital	999,596
Total Distributable Earnings (Loss)	1,092,800
Net Assets	**2,092,396**

Net Assets	
Applicable to 46,282,275 outstanding $.001 par value shares of beneficial interest (unlimited authorization)	2,092,396
Net Asset Value Per Share	**$45.21**

See accompanying Notes, which are an integral part of the Financial Statements.

Statement of Operations

	Year Ended December 31, 2020 ($000)
Investment Income	
Income	
Dividends[1]	24,659
Non-Cash Dividends	3,820
Interest[2]	429
Securities Lending—Net	229
Total Income	29,137
Expenses	
Investment Advisory Fees—Note B	2,753
The Vanguard Group—Note C	
Management and Administrative	3,252
Marketing and Distribution	172
Custodian Fees	14
Auditing Fees	27
Shareholders' Reports	20
Trustees' Fees and Expenses	2
Total Expenses	6,240
Net Investment Income	**22,897**
Realized Net Gain (Loss)	
Investment Securities Sold[2]	153,697
Foreign Currencies	(3)
Realized Net Gain (Loss)	**153,694**
Change in Unrealized Appreciation (Depreciation)	
Investment Securities[2]	126,379
Foreign Currencies	49
Change in Unrealized Appreciation (Depreciation)	**126,428**
Net Increase (Decrease) in Net Assets Resulting from Operations	**303,019**

1 Dividends are net of foreign withholding taxes of $572,000.

2 Interest income, realized net gain (loss), and change in unrealized appreciation (depreciation) from an affiliated company of the portfolio were $429,000, $27,000, and $14,000, respectively. Purchases and sales are for temporary cash investment purposes.

Statement of Changes in Net Assets

	Year Ended December 31,	
	2020 ($000)	2019 ($000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	22,897	24,692
Realized Net Gain (Loss)	153,694	58,473
Change in Unrealized Appreciation (Depreciation)	126,428	336,520
Net Increase (Decrease) in Net Assets Resulting from Operations	303,019	419,685
Distributions[1]		
Total Distributions	(83,976)	(68,316)
Capital Share Transactions		
Issued	222,798	222,383
Issued in Lieu of Cash Distributions	83,976	68,316
Redeemed	(409,141)	(262,062)
Net Increase (Decrease) from Capital Share Transactions	(102,367)	28,637
Total Increase (Decrease)	116,676	380,006
Net Assets		
Beginning of Period	**1,975,720**	**1,595,714**
End of Period	**2,092,396**	**1,975,720**

1 Certain prior-period numbers have been reclassified to conform with the current-period presentation.

See accompanying Notes, which are an integral part of the Financial Statements.

Financial Highlights

For a Share Outstanding Throughout Each Period	Year Ended December 31, 2020	2019	2018	2017	2016
Net Asset Value, Beginning of Period	**$40.76**	**$33.49**	**$35.12**	**$28.36**	**$26.64**
Investment Operations					
Net Investment Income	.478[1]	.503[1]	.429[1]	.366[1]	.374
Net Realized and Unrealized Gain (Loss) on Investments	5.768	8.182	(.754)	7.580	2.362
Total from Investment Operations	6.246	8.685	(.325)	7.946	2.736
Distributions					
Dividends from Net Investment Income	(.574)	(.411)	(.315)	(.371)	(.318)
Distributions from Realized Capital Gains	(1.222)	(1.004)	(.990)	(.815)	(.698)
Total Distributions	(1.796)	(1.415)	(1.305)	(1.186)	(1.016)
Net Asset Value, End of Period	**$45.21**	**$40.76**	**$33.49**	**$35.12**	**$28.36**
Total Return	**17.47%**	**26.50%**	**-1.18%**	**28.83%**	**10.84%**
Ratios/Supplemental Data					
Net Assets, End of Period (Millions)	$2,092	$1,976	$1,596	$1,416	$964
Ratio of Total Expenses to Average Net Assets	0.34%	0.34%	0.34%	0.36%	0.36%
Ratio of Net Investment Income to Average Net Assets	1.25%	1.37%	1.18%	1.16%	1.44%
Portfolio Turnover Rate	6%	5%	6%	7%	5%

1 Calculated based on average shares outstanding.

See accompanying Notes, which are an integral part of the Financial Statements.

Notes to Financial Statements

The Capital Growth Portfolio, a portfolio of Vanguard Variable Insurance Funds, is registered under the Investment Company Act of 1940 as an open-end investment company. The portfolio's shares are only available for purchase by separate accounts of insurance companies as investments for variable annuity plans, variable life insurance contracts, or other variable benefit insurance contracts. Market disruptions associated with the COVID-19 pandemic have had a global impact, and uncertainty exists as to the long-term implications. Such disruptions can adversely affect assets of the portfolio and thus portfolio performance.

A. The following significant accounting policies conform to generally accepted accounting principles for U.S. investment companies. The portfolio consistently follows such policies in preparing its financial statements.

1. Security Valuation: Securities are valued as of the close of trading on the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date. Equity securities are valued at the latest quoted sales prices or official closing prices taken from the primary market in which each security trades; such securities not traded on the valuation date are valued at the mean of the latest quoted bid and asked prices. Securities for which market quotations are not readily available, or whose values have been affected by events occurring before the portfolio's pricing time but after the close of the securities' primary markets, are valued at their fair values calculated according to procedures adopted by the board of trustees. These procedures include obtaining quotations from an independent pricing service, monitoring news to identify significant market- or security-specific events, and evaluating changes in the values of foreign market proxies (for example, ADRs, futures contracts, or exchange-traded funds), between the time the foreign markets close and the portfolio's pricing time. When fair-value pricing is employed, the prices of securities used by a portfolio to calculate its net asset value may differ from quoted or published prices for the same securities. Investments in Vanguard Market Liquidity Fund are valued at that fund's net asset value.

2. Foreign Currency: Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars using exchange rates obtained from an independent third party as of the portfolio's pricing time on the valuation date. Realized gains (losses) and unrealized appreciation (depreciation) on investment securities include the effects of changes in exchange rates since the securities were purchased, combined with the effects of changes in security prices. Fluctuations in the value of other assets and liabilities resulting from changes in exchange rates are recorded as unrealized foreign currency gains (losses) until the assets or liabilities are settled in cash, at which time they are recorded as realized foreign currency gains (losses).

3. Federal Income Taxes: The portfolio intends to continue to qualify as a regulated investment company and distribute all of its taxable income. The portfolio's tax returns are open to examination by the relevant tax authorities until expiration of the applicable statute of limitations, which is generally three years after the filing of the tax return. Management has analyzed the portfolio's tax positions taken for all open federal and state income tax years, and has concluded that no provision for income tax is required in the portfolio's financial statements.

4. Distributions: Distributions to shareholders are recorded on the ex-dividend date. Distributions are determined on a tax basis at the fiscal year-end and may differ from net investment income and realized capital gains for financial reporting purposes.

5. Securities Lending: To earn additional income, the portfolio lends its securities to qualified institutional borrowers. Security loans are subject to termination by the portfolio at any time, and are required to be secured at all times by collateral in an amount at least equal to the market value of securities loaned. Daily market fluctuations could cause the value of loaned securities to be more or less than the value of the collateral received. When this occurs, the collateral is adjusted and settled before the opening of the market on the next business day. The portfolio further mitigates its counterparty risk by entering into securities lending transactions only with a diverse group of prequalified counterparties, monitoring their financial strength, and entering into master securities lending agreements with its counterparties. The master securities lending agreements provide that, in the event of a counterparty's default (including bankruptcy), the portfolio may terminate any loans with that borrower, determine the net amount owed, and sell or retain the collateral up to the net amount owed to the portfolio; however, such actions may be subject to legal proceedings. While collateral mitigates counterparty risk, in the event of a default, the portfolio may experience delays and costs in recovering the securities loaned. The portfolio invests cash collateral received in Vanguard Market Liquidity Fund, and records a liability in the Statement of Assets and Liabilities for the return of the collateral, during the period the securities are on loan. Collateral investments in Vanguard Market Liquidity Fund are subject to market appreciation or depreciation. Securities lending income represents fees charged to borrowers plus income earned on invested cash collateral, less expenses associated with the loan. During the term of the loan, the portfolio is entitled to all distributions made on or in respect of the loaned securities.

6. Credit Facilities and Interfund Lending Program: The portfolio and certain other funds managed by The Vanguard Group ("Vanguard") participate in a $4.3 billion committed credit facility provided by a syndicate of lenders pursuant to a credit agreement and an uncommitted credit facility provided by Vanguard. Both facilities may be renewed annually. Each fund is individually liable for its borrowings, if any, under the credit facilities. Borrowings may be utilized for temporary or emergency purposes, subject to the portfolio's regulatory and contractual borrowing restrictions. With respect to the committed credit facility, the participating funds are charged administrative fees and an annual commitment fee of 0.10% of the undrawn committed amount of the facility; these fees are allocated to the funds based on a method approved by the portfolio's board of trustees and included in Management and Administrative expenses on the portfolio's Statement of Operations. Any borrowings under either facility bear interest at a rate based upon the higher of the one-month London Interbank Offered Rate (or an acceptable alternate rate, if necessary), federal funds effective rate, or overnight bank funding rate plus an agreed-upon spread, except that borrowings under the uncommitted credit facility may bear interest based upon an alternate rate agreed to by the portfolio and Vanguard.

In accordance with an exemptive order (the "Order") from the SEC, the portfolio may participate in a joint lending and borrowing program that allows registered open-end Vanguard funds to borrow money from and lend money to each other for temporary or emergency purposes (the "Interfund Lending Program"), subject to compliance with the terms and conditions of the Order, and to the extent permitted by the portfolio's investment objective and investment policies. Interfund loans and borrowings normally extend overnight, but can have a maximum duration of seven days. Loans may be called on one business day's notice. The interest rate to be charged is governed by the conditions of the Order and internal procedures adopted by the board of trustees. The board of trustees is responsible for overseeing the Interfund Lending Program.

For the year ended December 31, 2020, the portfolio did not utilize the credit facilities or the Interfund Lending Program.

7. Other: Dividend income is recorded on the ex-dividend date. Non-cash dividends included in investment income are recorded at the fair value of the securities received. Interest income includes income distributions received from Vanguard Market Liquidity Fund and is accrued daily. Premiums and discounts on debt securities are amortized and accreted, respectively, to interest income over the lives of the respective securities, except for premiums on certain callable debt securities that are amortized to the earliest call date. Security transactions are accounted for on the date securities are bought or sold. Costs used to determine realized gains (losses) on the sale of investment securities are those of the specific securities sold.

B. PRIMECAP Management Company provides investment advisory services to the portfolio for a fee calculated at an annual percentage rate of average net assets. For the year ended December 31, 2020, the investment advisory fee represented an effective annual basic rate of 0.15% of the portfolio's average net assets.

C. In accordance with the terms of a Funds' Service Agreement (the "FSA") between Vanguard and the portfolio, Vanguard furnishes to the portfolio corporate management, administrative, marketing, and distribution services at Vanguard's cost of operations (as defined by the FSA). These costs of operations are allocated to the portfolio based on methods and guidelines approved by the board of trustees and are generally settled twice a month.

Upon the request of Vanguard, the portfolio may invest up to 0.40% of its net assets as capital in Vanguard. At December 31, 2020, the portfolio had contributed to Vanguard capital in the amount of $79,000, representing less than 0.01% of the portfolio's net assets and 0.03% of Vanguard's capital received pursuant to the FSA. The portfolio's trustees and officers are also directors and employees, respectively, of Vanguard.

D. Various inputs may be used to determine the value of the portfolio's investments. These inputs are summarized in three broad levels for financial statement purposes. The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

Level 1—Quoted prices in active markets for identical securities.

Level 2—Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3—Significant unobservable inputs (including the portfolio's own assumptions used to determine the fair value of investments). Any investments valued with significant unobservable inputs are noted on the Schedule of Investments.

The following table summarizes the market value of the portfolio's investments as of December 31, 2020, based on the inputs used to value them:

	Level 1 ($000)	Level 2 ($000)	Level 3 ($000)	Total ($000)
Investments				
Assets				
Common Stocks	1,915,551	99,526	—	2,015,077
Temporary Cash Investments	88,332	—	—	88,332
Total	2,003,883	99,526	—	2,103,409

E. Permanent differences between book-basis and tax-basis components of net assets are reclassified among capital accounts in the financial statements to reflect their tax character. These reclassifications have no effect on net assets or net asset value per share. As of period end, permanent differences primarily attributable to the accounting for foreign currency transactions were reclassified between the individual components of total distributable earnings (loss).

Temporary differences between book-basis and tax-basis components of total distributable earnings (loss) arise when certain items of income, gain, or loss are recognized in different periods for financial statement and tax purposes; these differences will reverse at some time in the future. The differences are primarily related to the deferral of losses from wash sales. As of period end, the tax-basis components of total distributable earnings (loss) are detailed in the table as follows:

	Amount ($000)
Undistributed Ordinary Income	19,989
Undistributed Long-Term Gains	153,666
Capital Loss Carryforwards	—
Qualified Late-Year Losses	—
Net Unrealized Gains (Losses)	919,145

The tax character of distributions paid was as follows:

	Year Ended December 31,	
	2020 Amount ($000)	2019 Amount ($000)
Ordinary Income*	26,842	20,887
Long-Term Capital Gains	57,134	47,429
Total	83,976	68,316

* Includes short-term capital gains, if any.

As of December 31, 2020, gross unrealized appreciation and depreciation for investments based on cost for U.S. federal income tax purposes were as follows:

	Amount ($000)
Tax Cost	1,184,323
Gross Unrealized Appreciation	999,713
Gross Unrealized Depreciation	(80,627)
Net Unrealized Appreciation (Depreciation)	919,086

F. During the year ended December 31, 2020, the portfolio purchased $100,417,000 of investment securities and sold $253,620,000 of investment securities, other than temporary cash investments.

G. Capital shares issued and redeemed were:

	Year Ended December 31,	
	2020 Shares (000)	2019 Shares (000)
Issued	5,930	6,109
Issued in Lieu of Cash Distributions	2,763	1,900
Redeemed	(10,888)	(7,186)
Net Increase (Decrease) in Shares Outstanding	(2,195)	823

At December 31, 2020, one shareholder (an insurance company separate account whose holdings in the portfolio represent the indirect investment of Vanguard Variable Annuity contract holders) was the record or beneficial owner of 46% of the portfolio's net assets. If this shareholder was to redeem its investment in the portfolio, the redemption might result in an increase in the portfolio's expense ratio, cause the portfolio to incur higher transaction costs, or lead to the realization of taxable capital gains.

H. Management has determined that no events or transactions occurred subsequent to December 31, 2020, that would require recognition or disclosure in these financial statements.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Vanguard Variable Insurance Funds and Shareholders of Capital Growth Portfolio

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Capital Growth Portfolio (one of the portfolios constituting Vanguard Variable Insurance Funds, referred to hereafter as the "Portfolio") as of December 31, 2020, the related statement of operations for the year ended December 31, 2020, the statement of changes in net assets for each of the two years in the period ended December 31, 2020, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2020 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Portfolio as of December 31, 2020, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended December 31, 2020 and the financial highlights for each of the five years in the period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Portfolio's management. Our responsibility is to express an opinion on the Portfolio's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Portfolio in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2020 by correspondence with the custodian and brokers and by agreement to the underlying ownership records of the transfer agent; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 18, 2021

We have served as the auditor of one or more investment companies in The Vanguard Group of Funds since 1975.

Special 2020 tax information (unaudited) for corporate shareholders only for Capital Growth Portfolio, a portfolio of Vanguard Variable Insurance Funds

This information for the fiscal year ended December 31, 2020, is included pursuant to provisions of the Internal Revenue Code for corporate shareholders only.

The portfolio distributed $57,135,000 as capital gain dividends (20% rate gain distributions) to shareholders during the fiscal year.

For corporate shareholders, 88.9% of investment income (dividend income plus short-term gains, if any) qualifies for the dividends-received deduction.

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The People Who Govern Your Fund

The trustees of your mutual fund are there to see that the fund is operated and managed in your best interests since, as a shareholder, you are a part owner of the fund. Your fund's trustees also serve on the board of directors of The Vanguard Group, Inc., which is owned by the Vanguard funds and provides services to them.

A majority of Vanguard's board members are independent, meaning that they have no affiliation with Vanguard or the funds they oversee, apart from the sizable personal investments they have made as private individuals. The independent board members have distinguished backgrounds in business, academia, and public service. Each of the trustees and executive officers oversees 211 Vanguard funds.

Information for each trustee and executive officer of the fund appears below. That information, as well as the Vanguard fund count, is as of the date on the cover of this fund report. The mailing address of the trustees and officers is P.O. Box 876, Valley Forge, PA 19482. More information about the trustees is in the *Statement of Additional Information*, which can be obtained, without charge, by contacting Vanguard at 800-662-7447, or online at vanguard.com.

Interested Trustee[1]

Mortimer J. Buckley
Born in 1969. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: chairman of the board (2019–present) of Vanguard and of each of the investment companies served by Vanguard; chief executive officer (2018–present) of Vanguard; chief executive officer, president, and trustee (2018–present) of each of the investment companies served by Vanguard; president and director (2017–present) of Vanguard; and president (2018–present) of Vanguard Marketing Corporation. Chief investment officer (2013–2017), managing director (2002–2017), head of the Retail Investor Group (2006–2012), and chief information officer (2001–2006) of Vanguard. Chairman of the board (2011–2017) and trustee (2009–2017) of the Children's Hospital of Philadelphia; and trustee (2018–present) and vice chair (2019–present) of The Shipley School.

Independent Trustees

Emerson U. Fullwood
Born in 1948. Trustee since January 2008. Principal occupation(s) during the past five years and other experience: executive chief staff and marketing officer for North America and corporate vice president (retired 2008) of Xerox Corporation (document management products and services). Former president of the Worldwide Channels Group, Latin America, and Worldwide Customer Service and executive chief staff officer of Developing Markets of Xerox. Executive in residence and 2009–2010 Distinguished Minett Professor at the Rochester Institute of Technology. Director of SPX FLOW, Inc. (multi-industry manufacturing). Director of the University of Rochester Medical Center, the Monroe Community College Foundation, the United Way of Rochester, North Carolina A&T University, and Roberts Wesleyan College. Trustee of the University of Rochester.

Amy Gutmann
Born in 1949. Trustee since June 2006. Principal occupation(s) during the past five years and other experience: president (2004–present) of the University of Pennsylvania. Christopher H. Browne Distinguished Professor of Political Science, School of Arts and Sciences, and professor of communication, Annenberg School for Communication, with secondary faculty appointments in the Department of Philosophy, School of Arts and Sciences, and at the Graduate School of Education, University of Pennsylvania.

F. Joseph Loughrey
Born in 1949. Trustee since October 2009. Principal occupation(s) during the past five years and other experience: president and chief operating officer (retired 2009) and vice chairman of the board (2008–2009) of Cummins Inc. (industrial machinery). Chairman of the board of Hillenbrand, Inc. (specialized consumer services) and the Lumina Foundation. Director of the V Foundation. Member of the advisory council for the College of Arts and Letters and chair of the advisory board to the Kellogg Institute for International Studies, both at the University of Notre Dame.

Mark Loughridge
Born in 1953. Trustee since March 2012. Principal occupation(s) during the past five years and other experience: senior vice president and chief financial officer (retired 2013) of IBM (information technology services). Fiduciary member of IBM's Retirement Plan Committee (2004–2013), senior vice president and general manager (2002–2004) of IBM Global Financing, vice president and controller (1998–2002) of IBM, and a variety of other prior management roles at IBM. Member of the Council on Chicago Booth.

Scott C. Malpass
Born in 1962. Trustee since March 2012. Principal occupation(s) during the past five years and other experience: chief investment officer (retired June 2020) and vice president (retired June 2020) of the University of Notre Dame. Assistant professor of finance at the Mendoza College of Business, University of Notre Dame, and member of the Notre Dame 403(b) Investment Committee (retired June 2020). Member of the board of Catholic Investment Services, Inc. (investment advisors) and the board of superintendence of the Institute for the Works of Religion.

Deanna Mulligan
Born in 1963. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: board chair (2020–present), chief executive officer (2011–2020), and president (2010–2019) of The Guardian Life Insurance Company of America. Chief operating officer (2010–2011) and executive vice president (2008–2010) of the individual life and disability division of Guardian Life. Member of the board of the American Council of Life Insurers and the board of the Economic Club of New York. Trustee of the Partnership for New York City (business leadership), Chief Executives for Corporate Purpose, NewYork-Presbyterian Hospital, Catalyst, and the Bruce Museum (arts and science). Member of the Advisory Council for the Stanford Graduate School of Business.

André F. Perold
Born in 1952. Trustee since December 2004. Principal occupation(s) during the past five years and other experience: George Gund Professor of Finance and Banking, Emeritus at the Harvard Business School (retired 2011). Chief investment officer and co-managing partner of HighVista Strategies (private investment firm). Member of the board of advisors and member of the investment committee of the Museum of Fine Arts Boston. Member of the board (2018–present) of RIT Capital Partners (investment firm). Member of the investment committee of Partners Health Care System.

Sarah Bloom Raskin
Born in 1961. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: deputy secretary (2014–2017) of the United States Department of the Treasury. Governor (2010–2014) of the Federal Reserve Board. Commissioner (2007–2010) of financial regulation for the State of Maryland. Member of the board of directors (2012–2014) of Neighborhood Reinvestment Corporation. Director (2017–present) of i(x) Investments, LLC; director (2017–present) of Reserve Trust. Rubenstein Fellow (2017–present) of Duke University; trustee (2017–present) of Amherst College, and trustee (2019–present) of the Folger Shakespeare Library.

Peter F. Volanakis
Born in 1955. Trustee since July 2009. Principal occupation(s) during the past five years and other experience: president and chief operating officer (retired 2010) of Corning Incorporated (communications equipment) and director of Corning Incorporated (2000–2010) and Dow Corning (2001–2010). Director (2012) of SPX Corporation (multi-industry manufacturing). Overseer of the Amos Tuck School of Business Administration, Dartmouth College (2001–2013). Chairman of the board of trustees of Colby-Sawyer College. Member of the board of Hypertherm Inc. (industrial cutting systems, software, and consumables).

1 Mr. Buckley is considered an "interested person," as defined in the Investment Company Act of 1940, because he is an officer of the Vanguard funds.

Executive Officers

John Bendl
Born in 1970. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief financial officer (2019–present) of each of the investment companies served by Vanguard. Chief accounting officer, treasurer, and controller of Vanguard (2017–present). Partner (2003–2016) at KPMG (audit, tax, and advisory services).

Christine M. Buchanan
Born in 1970. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Treasurer (2017–present) of each of the investment companies served by Vanguard. Partner (2005–2017) at KPMG (audit, tax, and advisory services).

David Cermak
Born in 1960. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Finance director (2019–present) of each of the investment companies served by Vanguard. Managing director and head (2017–present) of Vanguard Investments Singapore. Managing director and head (2017–2019) of Vanguard Investments Hong Kong. Representative director and head (2014–2017) of Vanguard Investments Japan.

John Galloway
Born in 1973. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Investment stewardship officer (September 2020–present) of each of the investment companies served by Vanguard. Head of Investor Advocacy (February 2020–present) and head of Marketing Strategy and Planning (2017–2020) at Vanguard. Deputy assistant to the President of the United States (2015).

Thomas J. Higgins
Born in 1957. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Finance director (2019–present), chief financial officer (2008–2019), and treasurer (1998–2008) of each of the investment companies served by Vanguard.

Peter Mahoney
Born in 1974. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Controller (2015–present) of each of the investment companies served by Vanguard. Head of International Fund Services (2008–2014) at Vanguard.

Anne E. Robinson
Born in 1970. Principal occupation(s) during the past five years and other experience: general counsel (2016–present) of Vanguard. Secretary (2016–present) of Vanguard and of each of the investment companies served by Vanguard. Managing director (2016–present) of Vanguard. Managing director and general counsel of Global Cards and Consumer Services (2014–2016) at Citigroup. Counsel (2003–2014) at American Express.

Michael Rollings
Born in 1963. Principal occupation(s) during the past five years and other experience: finance director (2017–present) and treasurer (2017) of each of the investment companies served by Vanguard. Managing director (2016–present) of Vanguard. Chief financial officer (2016–present) of Vanguard. Director (2016–present) of Vanguard Marketing Corporation. Executive vice president and chief financial officer (2006–2016) of MassMutual Financial Group.

John E. Schadl
Born in 1972. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief compliance officer (2019–present) of Vanguard and of each of the investment companies served by Vanguard. Assistant vice president (2019–present) of Vanguard Marketing Corporation.

Vanguard Senior Management Team

Joseph Brennan	James M. Norris
Mortimer J. Buckley	Thomas M. Rampulla
Gregory Davis	Karin A. Risi
John James	Anne E. Robinson
John T. Marcante	Michael Rollings
Chris D. McIsaac	Lauren Valente

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This material may be used in conjunction with the offering of shares of any Vanguard fund only if preceded or accompanied by the fund's current prospectus.

You can obtain a free copy of Vanguard's proxy voting guidelines by visiting vanguard.com/proxyreporting or by calling Vanguard at 800-662-2739. The guidelines are also available from the SEC's website, www.sec.gov. In addition, you may obtain a free report on how your fund voted the proxies for securities it owned during the 12 months ended June 30. To get the report, visit either vanguard.com/proxyreporting or www.sec.gov.

All comparative mutual fund data are from Morningstar, Inc., unless otherwise noted.

You can review information about your fund on the SEC's website, and you can receive copies of this information, for a fee, by sending a request via email addressed to publicinfo@sec.gov.

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